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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 21 February 1978 CG NIDC 78/042C

NATIONAL SECURITY INFORMATION

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State Dept. review completed

DIA review(s) completed.

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EGYPT: Aftermath and Reactions

[ ] //The failure of Egyptian troops to capture the terrorists who assassinated Yusif al-Sibai, the editor of Al-Ahram, and seized hostages on Cyprus has embarrassed Egypt's President Sadat and other leaders and seems likely to damage the President's prestige. We believe, however, that the assassination and bungled commando operation will ultimately have little impact on Sadat's efforts to provide for Palestinian self determination in any settlement with Israel. [ ]

[ ] Egypt announced yesterday that it is withdrawing its diplomatic, technical, and trade officials from Cyprus and demanding that the Cypriot Government withdraw its diplomatic personnel from Cairo.//

[ ] //Sadat's initial reaction was to direct his and Egypt's outrage and desire for revenge against the individual terrorists involved. The effect, if any, of Sadat's anger on his view of the role Palestinians should play in peace negotiations will depend on whether the Egyptians gain revenge and on which Palestinian groups are involved.//

[ ] At this early stage, we believe that the assassination and mishandled commando operation will ultimately do little to change Sadat's effort to resolve the Palestinian issue. Sadat must consider a number of political imperatives, such as the need to include other Arabs in peace negotiations, and is unlikely to reverse his policies because of a single terrorist attack. Once Sadat's anger subsides, he might even argue that the assassination underscores the need for a solution to the Palestinian problem.

[ ] While spokesmen for the Palestine Liberation Organization have publicly denied complicity in the assassination, the Egyptian Government has not yet received any official PLO denial. Unless Sadat reacts in a totally emotional way, we would expect him to maintain some contact with the moderate wing of the PLO, although he might now argue more forcefully that it break with the rejectionists. Any hint of involvement in the murder of Sibai by Fatah or its leader Yasir Arafat, however, would almost certainly cause Sadat to abandon even the pretense of including the PLO in negotiations.

[ ] The Egyptian press is blaming rejectionist Palestinians for Sibai's murder and views it as an effort to derail Sadat's peace initiatives. The US Embassy in Cairo believes that most Egyptians, already tired of "carrying the burden of the Palestinians," are sincerely outraged over the killing and will now be less inclined to distinguish between Palestinian moderates and extremists. As a result, the Egyptian public is likely to redouble its support for Sadat's peace efforts and to back a tough approach toward the PLO.

[ ] Sadat apparently directed that an all-out effort be made to capture Sibai's assassins; at different times preparations reportedly were underway for Egyptian aircraft to intercept the Cyprus Airways plane commandeered by the terrorists and for Egyptian commandos to attempt to rescue the terrorists' hostages while the plane was at Djibouti.

[ ] //In an effort to save face, after the embarrassing failure of Egyptian troops at Larnaca, Cyprus, Sadat sent Acting Foreign Minister Ghali to Nicosia yesterday to discuss with Cypriot officials the extradition of the terrorists and the return of the Egyptian forces. Ghali was able to return with only the Egyptian personnel, and Cairo shortly thereafter

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announced its decision concerning the Egyptian and Cypriot diplomatic officials.//

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